

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF
HANFORD AREA**



FINAL REPORT

OCTOBER 12, 2010

M e m o r a n d u m

Date: October 12, 2010

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of Inspector General

File No.: 010.13424.A13471

Subject: FINAL 2009 COMMAND AUDIT REPORT OF HANFORD AREA

In accordance with the *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Hanford Area. The audit focused on the Driving Under the Influence and Asset Forfeiture Programs of the command.

The audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Hanford Area agreed with all of the findings and plans to take corrective action to improve its operations.

The Hanford Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. The Office of Inspector General anticipates conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Assistant Commissioner, Field; Office of Inspector General; Office of Legal Affairs; Central Division; and the Hanford Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

In accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted

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on the internet website of the CHP, and on the Office of the Governor webpage, located on the State Government website.

The Office of Inspector General would like to thank management and staff of the Hanford Area for their cooperation during the audit. If you need further information, please contact me at (916) 843-3160.



R. J. JONES, Captain
Interim Inspector General

cc: Assistant Commissioner, Field
Central Division
Hanford Area
Office of Legal Affairs
Office of Inspector General, Audits Unit

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF HANFORD AREA

OFFICE OF INSPECTOR GENERAL, AUDITS UNIT

OCTOBER 12, 2010

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the 2009 Audit Plan of the California Highway Patrol (CHP), the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Hanford Area.

The 2008-2010 Strategic Plan of the CHP highlights the mission statement which includes five broad strategic goals designed to guide the direction of the CHP. One strategic goal is to continuously look for ways to improve the efficiency of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through July 26, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period October 1, 2008 through March 31, 2009. The audit included a review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from July 27 - 30, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of operations in the Hanford Area, this audit revealed the Area has complied with most operational policies. However, some issues were observed. The following is a summary of the identified issues:

Asset Forfeiture (AF) Program

- The command did not perform annual AF training.
- The Area AF Coordinator (AFC) was not always trained annually by the Division AFC.

DUI Cost Recovery Program

- The command did not always prepare CHP 415, Daily Field Record, forms properly for the DUI Cost Recovery Program.
- The command did not always forward the CHP 735, Incident Response Reimbursement Statement, forms to Fiscal Management Section (FMS) in a timely manner.
- The command did not always accurately complete DUI Cost Recovery Program documents.
- The command did not reconcile the quarterly DUI Cost Recovery reports received from FMS to their CHP 735 forms.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the operation of the California Highway Patrol (CHP) is efficient and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Hanford Area.

The 2008-2010 Strategic Plan of the CHP highlights the mission statement which includes five broad strategic goals designed to guide the direction of the CHP. One strategic goal is to continuously look for ways to improve the efficiency of departmental operations. This audit will assist the CHP in meeting this goal.

OBJECTIVE AND SCOPE

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture (AF) Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through July 26, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period October 1, 2008 through March 31, 2009. This audit included a review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from July 27 - 30, 2009.

METHODOLOGY

Under the direction of the Office of the Commissioner, each command was randomly selected to be audited in the areas of DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited were primarily random or judgmental. Whenever possible the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audit reports and findings of this command.

OVERVIEW

Asset Forfeiture Program: The command complied with most state laws and departmental policies and has adequate internal controls for the AF Program. However, the command did not perform annual AF training and the Area AF Coordinator (AFC) was not always trained annually by the Division AFC.

DUI Cost Recovery Program: The command was compliant with most state laws and departmental policies and has adequate internal controls for the DUI Cost Recovery Program. However, the command did not always prepare CHP 415, Daily Field Record, forms properly for the DUI Cost Recovery Program; did not always forward the CHP 735, Incident Response Reimbursement Statement, forms to Fiscal Management Section (FMS) in a timely manner; did not always accurately complete DUI Cost Recovery Program documents; and did not reconcile the quarterly DUI Cost Recovery reports received from FMS to their CHP 735 forms.

This audit revealed the command has adequate operations, nevertheless, issues were discovered, which if left unchecked could have a negative impact on the command and CHP operations. These issues should be addressed by management to maintain compliance with appropriate laws, regulations, policies, and procedures. The issues and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations that may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; however, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

ASSET FORFEITURE (AF) PROGRAM

FINDING 1: The command did not perform annual AF training.

Condition: In 2008, the command did not perform annual AF training for supervisors, officers, and affected non-uniformed personnel.

Criteria: Health and Safety Code Section 11469 states, "Seizing agencies shall implement training for officers assigned to forfeiture programs, which training should be ongoing."

Highway Patrol Manual (HPM) 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 21.b. states:

"b. Area AFCs shall provide training for Area supervisors, officers, and affected non-uniformed personnel at least once a year. Area AFCs shall ensure officers are made aware of local MOUs with allied agencies/NTFs regarding turnover of arrests for controlled substance violations and are familiar with the legal requirements and departmental policies/procedures related to the seizure of assets."

Recommendation: The command should comply with departmental policy related to annual AF training.

FINDING 2: The Area AF Coordinator (AFC) was not always trained annually by the Division AFC.

Condition: There was no documented evidence the Area AFC was trained by the Division AFC in 2008. However, the command's AFC received annual AF training from Central Division on May 12, 2009.

Criteria: Health and Safety Code Section 11469 states: "Seizing agencies shall implement training for officers assigned to forfeiture programs, which training should be ongoing."

HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 21.a. states:

"a. In order to ensure uniformity throughout the Department, Division AFCs shall receive annual training from the departmental AFC coordinator in FSS. The training will encompass asset forfeiture laws, pending state and/or federal legislation relating to asset forfeiture, departmental policies, and procedures. Division

AFCs will in turn provide annual training to Area AFCs, uniformed employees assigned to NTFs, canine handlers, and affected non-uniformed employees involved with asset forfeiture. The training shall be of sufficient duration to ensure full understanding of legal/policy requirements. In addition, Division AFCs should attend Division Area Commanders' Conferences as necessary to provide commanders with an overview of the Department's AFP and any related new legislation or updates to departmental policy."

Recommendation: The command should ensure the Area AFC is trained annually by the Division AFC to comply with the departmental policy.

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

FINDING 1: The command did not always prepare CHP 415, Daily Field Record, forms properly for the DUI Cost Recovery Program.

Condition: From a population of 38 CHP 735 billing packages, 24 packages were tested. In 18 (75 percent) of the packages, the CHP 415 forms did not always contain the DUI billable hours and the defendant's name.

Criteria: Government Code (GC) Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4 e. states in part:

"e. Recording Total Staff Hours. Record the total number of staff hours involved in the incident response."

"(2) Record the number of staff hours involved in the incident response."

"(c) The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record. Area offices must be able to verify the hours claimed on the CHP 735, Incident Response Reimbursement Statement, when offenders challenge the hours billed. If an Area office cannot substantiate the hours billed, the Department cannot recover incident costs. In order to

reconcile the hours, please ensure the following information is included:

1 Offender's name and court case number shall be included on the CHP 415, Daily Field Record.

2 When time recorded under a specific category (e.g., Accident Investigation, Partner Assist, Response Time) on the CHP 415, Daily Field Record, includes more than one activity, indicate the billable DUI time in the Notes portion on the CHP 415, Daily Field Record."

Recommendation: The command should prepare CHP 415 forms properly to comply with the departmental policy for the DUI Cost Recovery Program.

FINDING 2: **The command did not always forward the CHP 735 forms to Fiscal Management Section (FMS) in a timely manner.**

Condition: From a population of 38 CHP 735 billing packages, 24 packages were tested. In 13 (54 percent) of the packages tested, the CHP 735 forms were not forwarded to FMS in a timely manner. A delay of 15 to 108 days was observed.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.b. states:

"b. Completion of CHP 735, Incident Response Reimbursement Statement. The cost recovery criterion is separated into two separate sections on the CHP 735, Incident Response Reimbursement Statement: Section A or Section B. Section A shall be completed when the billing is based on arrest. Section B shall be completed when the billing is based on conviction. Forward only those forms which meet ALL the criteria in either Section A or Section B; only one section shall be completed per case.

(1) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section A (refer to Annex B) shall be forwarded to Fiscal Management Section

(FMS), Reimbursable Services Unit, within ten business days of one of the following dates:

(a) The date BAC results of .08% or greater are received.

(b) The date BAC results of .04% or greater are received for a commercial driver.

(2) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section B (refer to Annex C) shall be forwarded to FMS, Reimbursable Services Unit, within ten business days of the notification of a conviction of CVC Sections 23152, 23153, or greater offense as a result of one of the following:

(a) In the case of a refusal.

(b) An arrest for drugs only.

(c) A BAC of less than .08%.”

Recommendation: The command should forward the CHP 735 forms to FMS in a timely manner to comply with the departmental policy for the DUI Cost Recovery Program.

FINDING 3: **The command did not always accurately complete DUI Cost Recovery Program documents.**

Condition: From a population of 38 CHP 735 billing packages, 24 packages were tested.

- In four (17 percent) of the 24 packages tested, the forms did not contain the Blood Alcohol Concentration (BAC) Results Received Date.
- In three (13 percent) of the 24 packages tested, an outdated hourly billing rate was used.

Criteria: Government Code Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, which shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4. b.(1) states:

“(1) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section A (refer to Annex B) shall be forwarded to Fiscal Management Section (FMS), Reimbursable Services Unit, within ten business days of one of the following dates:

(a) The date BAC results of .08% or greater are received.

(b) The date BAC results of .04% or greater are received for a commercial driver.”

Highway Patrol Comm-Net message dated November 19, 2008, states,

“11-18-08

ALL COMMANDERS

SUBJECT: 2008/09 HOURLY OVERTIME REIMBURSABLE RATES AND DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY RATES

EFFECTIVE IMMEDIATELY, THE FOLLOWING REIMBURSABLE BILLING RATES ARE TO BE USED WHEN NEGOTIATING ANY NEW 2008/09 REIMBURSABLE SERVICES CONTRACTS:

OFFICER	\$83.98
MOTORCYCLE OFFICER	\$86.88
SERGEANT	\$102.04
MOTORCYCLE SERGEANT	\$105.58

THE MILEAGE BILLING RATES ARE \$.70 PER VEHICLE MILE AND \$.96 PER MOTORCYCLE MILE. EACH COMMAND WILL BE RESPONSIBLE FOR NOTIFYING THE INDIVIDUAL REQUESTORS OF ANY INCREASES OR CHANGES. THE CURRENT BILLING RATE FOR THE DUI COST RECOVERY PROGRAM HAS ALSO CHANGED; FOR ARREST DATES OF NOVEMBER 1, 2008, AND AFTER, THE BILLING RATE IS \$84.00 PER HOUR.”

Recommendation: The command should ensure the CHP 735 and CHP 415 forms are complete and accurate.

FINDING 4: **The command did not reconcile the quarterly DUI Cost Recovery reports received from FMS to their CHP 735 forms.**

Condition: There was no documented evidence indicating the command reconciled the quarterly DUI Cost Recovery report received from FMS to assist in monitoring and timely submission of their CHP 735 forms.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 8 states:

“8. QUARTERLY REPORTS. Fiscal Management Section will send quarterly reports to field commands. These reports are designed to assist in the monitoring and timely submission of the command’s CHP 735, Incident Response Reimbursement Statement, forms. The report notes the date of arrest or conviction, the date the CHP 735, Incident Response Reimbursement Statement, was received in FMS and the billed date. It also provides the number of days between the arrest or conviction date and date the CHP 735, Incident Response Reimbursement Statement, was received in FMS. Field commands are responsible for ensuring the CHP 735, Incident Response Reimbursement Statement, is submitted in accordance with paragraphs 3 and 4 of this chapter.”

Recommendation: The command should reconcile the DUI Cost Recovery report received from FMS on a quarterly basis to the CHP 735 forms to comply with the departmental policy for the DUI Cost Recovery Program.

CONCLUSION

Based on the review of the operation of the Hanford Area, this audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

M e m o r a n d u m

Date: September 15, 2010

To: Office of Inspections

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Central Division

File No.: 401.11497.18049.ACIGCommandauditreport.440

Subject: HANFORD AREA RESPONSE TO COMMAND AUDIT REPORT

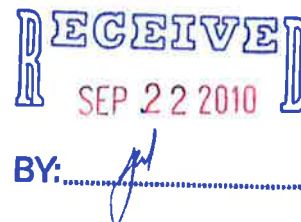
Attached is a memorandum, submitted by Sergeant M. A. Kairis, Hanford Area Acting Commander. This memorandum identifies corrective measures taken by the Hanford Area in response to the command audit report prepared by the Office of Assistant Commissioner, Inspector General, dated July 27, 2009. Central Division has reviewed Sergeant Kairis' memorandum and concurs with the corrective actions taken by the Hanford Area.

Central Division will continue to monitor Hanford Area's quarterly DUI cost recovery and asset forfeiture audits to ensure compliance with Department policy. Please direct any questions to Lieutenant J. C. Elsome at (559) 277-7250.


J. R. ABRAMES, Chief

Attachments

cc: Office of Assistant Commissioner, Field
Hanford Area



Safety, Service, and Security

ANNEX

B

M e m o r a n d u m

Date: September 13, 2010

To: Central Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Hanford Area

File No.: 440.011908

Subject: RESPONSE TO THE DUI COST RECOVERY PROGRAM AND ASSET
FORFEITURE PROGRAM AUDIT FROM JULY 2009

This memorandum serves as Hanford's response to the DUI Cost Recovery Program and Asset Forfeiture Program audit.

DUI COST RECOVERY PROGRAM - FINDINGS REQUIRING FOLLOW-UP

Finding 1 – Agree. The command did not always prepare CHP 415, Daily Field Record, forms properly for the DUI Cost Recovery Program. Specifically, defendant's names and DUI billable hours were not consistently recorded on CHP 415 forms.

- The Hanford Area has developed a "sample" CHP 415 form for personnel to follow as a guide for completion to ensure defendant's names and DUI billable hours are properly recorded.
- Hanford Area supervisor's are reviewing all CHP 735 forms for accuracy and to ensure defendant's names and DUI billable hours are properly recorded.

Finding 2 – Agree. The command did not always forward the CHP 735, Incident Response Reimbursement Statement, forms to Fiscal Management Section (FMS) in a timely manner.

- The Hanford Area DUI Cost Recovery Program Coordinator has implemented a suspense system to monitor the timely submission of completed CHP 735 forms to FMS.

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Finding 3 – Agree. The command did not always accurately complete DUI Cost Recovery Program documents. Specifically, completed CHP 735 forms had missing Blood Alcohol Concentration (BAC) Results Received Date information and outdated hourly billing rates were utilized.

- The Hanford Area DUI Cost Recovery Program Coordinator is ensuring Blood Alcohol Concentration (BAC) Results Received Date information is recorded completely and accurately.
- Hanford Area personnel responsible for completing CHP 735 forms are utilizing departmental computer software (Adobe Acrobat Reader) which updates the hourly billing rate to ensure accurate completion.

Finding 4 – Agree. The command did not reconcile the quarterly DUI Cost Recovery Program reports received from FMS to Area CHP 735 forms.

- The Hanford Area DUI Cost Recovery Program Coordinator is reconciling quarterly DUI Cost Recovery Program reports received from FMS with CHP 735 forms to comply with Department policy.

ASSET FORFEITURE PROGRAM - FINDINGS REQUIRING FOLLOW-UP

Finding 1 – Agree. The command did not perform annual Asset Forfeiture training for supervisors, officers and affected non-uniformed personnel.

- The Hanford Area is currently in the process of a command change with an Area sergeant serving as Acting Commander. Currently, no Hanford Area personnel have been formally trained in asset forfeiture procedures. The Central Division Asset Forfeiture Coordinator (AFC) will be providing training to Area personnel to comply with Department policy.

Finding 2 – Agree. The command's Asset Forfeiture Coordinator (AFC) was not always trained annually by the Division AFC.

- The Hanford Area is currently in the process of a command change with an Area sergeant serving as Acting Commander. Currently, no Hanford Area personnel have been formally trained in asset forfeiture procedures. The Central Division Asset Forfeiture Coordinator (AFC) will be providing training to Area personnel to comply with Department policy.

A handwritten signature in black ink, appearing to read 'M. A. KAIRIS', with a long horizontal line extending to the left.

M. A. KAIRIS, Sergeant
Acting Commander